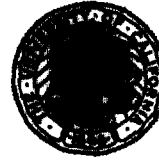


UNIVERSITY OF CALIFORNIA

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SANTA BARBARA • SANTA CRUZ

OFFICE OF THE SENIOR VICE PRESIDENT—
BUSINESS AND FINANCE

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August 1, 1996

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Office of the Secretary
Federal Communications Commission
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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Comments on Specific Questions in Universal Service Notice of
Proposed Rulemaking (FCC 96-93; Common Carrier Docket No. 96-45)

The University of California (UC) is a nine campus system which includes five medical centers. With collections totaling over 26 million volumes, the more than 100 libraries throughout UC are surpassed in size on the American continent only by the Library of Congress collection. The UC Libraries participate in numerous cooperative arrangements that provide access to this rich information resource for other schools, libraries and higher education institutions, relying heavily on advanced telecommunications services in these efforts. For example, recent statistics show that about 15 percent of the 3.3 million monthly uses of the Universitywide MELVYL library information system is attributable to on-line access by users outside the University.

UC is a major provider of higher education, library services and health care services which supports the expansion of the concept of telecommunications universal service to include both basic and advanced telecommunications services to all educators, health care providers and libraries. As Associate Vice President of the University of California, Information Resources and Communications, I am submitting these comments on questions 6, 8, 9, 10, 11 and 15 under the section on Schools, Libraries, Health Care Providers of CC Docket No. 96-45, released July 3, 1996.

As a statewide University system responsible for providing undergraduate, graduate and professional education, research and public service, the University of California is interested in assuring that educators, libraries and health care providers have

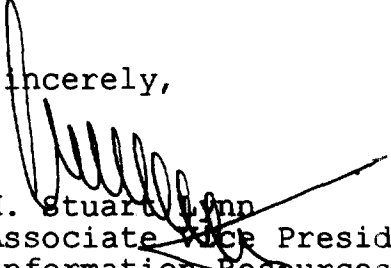
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University of California Comments on CC 96-45
August 1, 1996

access to reasonably priced advanced telecommunications services. UC recognizes that an appropriate universal service discount policy will facilitate rapid and continued deployment of all levels of telecommunications services at reasonable rates to allow educators, libraries and health care providers to educate, assist and care for students, library patrons and health care recipients wherever they are located.

Sincerely,



M. Stuart Lynn
Associate Vice President
Information Resources and Communications

cc: Federal-State Joint Board
International Transcription Service
Extra Public Copy (2 copies)
Diskette to Ernestine Creech, FCC Common Carrier Bureau

Attachment 1: Comment Summary
Attachment 2: Comments

ATTACHMENT 1: COMMENT SUMMARY

6. Should the services or functionalities eligible for discounts be specifically limited and identified, or should the discount apply to all available services?

In order to permit the maximum flexibility for educators, libraries and health care providers to choose the services that best meet their needs, the proposed universal service discounts should apply to all available telecommunications services. Limiting educational entities only to discounts on obsolete or less sophisticated telecommunications services could artificially stunt the development of complex and innovative educational uses of telecommunications services. As Educom noted in its comments to the Commission on FCC 96-93, "the achievement of widely held aspirations to move education from an ivory tower to an 'any student, anywhere' paradigm is dependent on the availability of ubiquitous digital access."

8. To what extent should the provisions of Sections 706 and 708 be considered by the Joint Board and be relied upon to provide advanced services to schools, libraries and health care providers?

Because Section 706 on Advanced Telecommunications Incentives requires the Commission and state telecommunications regulatory agencies to encourage reasonable and timely deployment of advanced telecommunications capability to all Americans, especially kindergarten through twelfth grade schools, it is important for the Joint Board to establish consistent standards and incentives for widespread educational utilization of advanced telecommunications capabilities both throughout the country and within each state. The Section 708 National Educational Technology Funding Corporation is supposed to leverage resources and stimulate private investment in education technology infrastructure, so the Joint Board and Commission should develop policies and regulations which will permit the widest level of public and private agency cooperation in developing cost effective, efficient technical linkages to support internal and intersegmental educational programs.

9. How can universal service support for schools, libraries and health care providers be structured to promote competition?

Universal service support for schools, libraries and health care providers can be developed as a consistent percentage discount off the regular tariffs or lowest rates offered by any telecommunications service providers. Thus, if all telecommunications service providers offer educators their services at a rate equal to 10% below that charged lifeline customers or 20% below the lowest contract rates offered to corporations or institutions (whichever rate is lower) as was recommended in the Alliance for Distance Education in California comments to the Commission, competition among telecommunications service providers would be encouraged because the discounts would not be implemented in absolute dollars, but in comparable percentages across all the telecommunications service providing companies.

10. Should the resale prohibition in Section 254(h)(3) be construed to prohibit only the resale of services to the public for profit, and should it be construed so as to permit end user cost based fees for services? Would construction in this manner facilitate community networks and/or aggregation of purchasing power?

Section 254(h)(3) prohibits public institutional telecommunications users from selling, reselling or otherwise transferring in consideration for money or any other thing of value those telecommunications services and network capacity obtained by health care providers for rural health at a rate reasonably comparable to urban rates for similar services or obtained by educational providers and libraries at rates less than other parties pay for similar services. This prohibition should not be construed as preventing educators at all levels from k-12 to postgraduate from developing consortial and regional cooperative telecommunications services purchasing plans in order to aggregate the purchasing power of multiple educational institutions and increase the efficiency of cooperatively operated telecommunications systems using these universal service discounts.

11. If the answer to the first question in number 10 is "yes," should the discounts be available only for the traffic or network usage attributable to the educational entities that qualify for the Section 254 discounts?

Section 254(c)(2) allows the Joint Board to recommend to the Commission changes in the definition of services supported by Federal universal service support mechanisms and Section 254(c)(3) allows the Commission to identify additional telecommunications services as eligible for support mechanisms. In paragraph 72 of the Commission's March 8, 1996 NPRM FCC 96-93, the Commission identifies discounted universal service users to include students participating in "educational activities at other schools including universities" as well as "students, teachers, librarians and health care providers" who "consult with colleagues or experts at other institutions" and those who "transmit data for the practice of telemedicine." Because in the Commission's paragraph 72 statement of how "Congress explicitly recognized the importance of telecommunications to these education institutions and rural health care providers" the Commission identifies universities and colleagues or experts at other institutions as being capable of benefiting from these universal service discounts when they cooperate with the educational entities listed in Section 254(h)(1) and (2), these cooperating universities should also be eligible for the universal service discounts.

15. What is the least administratively burdensome requirement that could be used to ensure that requests for supported telecommunications services are bona fide requests within the intent of section 254(h)?

The least administratively burdensome requirement to ensure that requests for Section 254(h) supported telecommunications services are bona fide requests would be the development by the Joint Board of two simple self-certification forms: 1) for educators and libraries to request reduced rates for any kind of telecommunications service and 2) for rural health providers to request telecommunications service at rates comparable to those offered urban health providers.

ATTACHMENT 2: COMMENTS

6. Should the services or functionalities eligible for discounts be specifically limited and identified, or should the discount apply to all available services?

The discount should apply to all available services. As a practical concern, limiting the discount to specific services or functionalities will require the establishment of a mechanism to identify and update the list of services/functionalities eligible for a discount. This would be counterproductive, cumbersome and too expensive.

Telecommunications technology is changing rapidly. It is much more productive and supportive of flexibility and innovation to establish that any telecommunications services available commercially by tariff or through contract be available to libraries and schools at the universal service discount rate. Libraries, particularly large academic libraries such as those in UC, need to have access to the most advanced services, rather than just the more basic services, because they often serve as test sites for new services. In consortia consisting of multiple types and sizes of libraries in which UC might be involved for the purpose of sharing materials or delivering services, the participating libraries will often need access to the most advanced telecommunications technology in use by any consortium member, in order to take full advantage of resource sharing opportunities. Because the technologies that might be involved cannot be specified in advance, application of the discount to all available services provides both individual libraries and consortia the flexibility to acquire the specific technologies they need to achieve their service goals.

8. To what extent should the provisions of Sections 706 and 708 be considered by the Joint Board and be relied upon to provide advanced services to schools, libraries and health care providers?

Not only should advanced telecommunications services be widely deployed in a reasonable and timely manner as delineated in Section 706, but it is also important that the leveraging of resources and stimulation of private investment in education technology infrastructure by the Section 708 National Educational Technology Funding Corporation should be facilitated by Joint Board and Commission policies and regulations which permit innovative public/private enterprise activities and expansion of intersegmental educational, library and telemedicine cooperative ventures which increase efficiency by aggregating their purchasing power through consortia and networking partnerships. Whatever regulations are developed for these purposes should not be so onerous as to discourage private investment in educational technologies that will be of benefit to educators far into the future. The Joint Board should implement consistent standards and incentives for wide educational use of advanced telecommunications capabilities, both nationally and within each state, so that free enterprise entrepreneurs in all kinds of telecommunications companies can effectively compete to provide educators, libraries and health service providers appropriate telecommunications services to meet their specific needs.

9. How can universal service support for schools, libraries and health care providers be structured to promote competition?

Libraries and schools are consumers of a variety of telecommunications services. If all telecommunications service providers offer educators their services at a rate equal to 10% below that charged lifeline customers or 20% below the lowest contract rates offered to corporations or institutions (whichever rate is lower) as the Alliance for Distance Education in California recommended, the various kinds of telecommunications service providers would not be competitively disadvantaged since all would offer the same level of discount percentage. The standard return to the telecommunications service provider would consist of the discounted price. When necessary, reimbursement from the universal service fund could be added to the discounted price to make it equivalent to the payment the provider would receive in a competitive market. As long as contributions to the Universal service fund are made on an equitable basis by all telecommunications service providing companies, the opportunity to provide services and receive compensation at a competitive market price from huge numbers of new education customers should provide adequate financial incentives to telecommunications providing companies, while simultaneously promoting competition.

10. Should the resale prohibition in Section 254(h)(3) be construed to prohibit only the resale of services to the public for profit, and should it be construed so as to permit end user cost based fees for services? Would construction in this manner facilitate community networks and/or aggregation of purchasing power?

It would be most constructive to interpret the resale prohibition of sections 254(h)(3) narrowly, prohibiting only resale of services to the public for a profit. Modest end-user fees should reasonably be allowed to cover costs associated with special applications. Educators and libraries should not be prevented from recouping the full cost of telecommunicated services offered to other educational institutions and libraries via consortia or network partnerships. Innovative services such as the work being done by the University of California at Berkeley and the University of California, San Diego to design useful public interest front ends for US Government Printing Office digital publications should not be disadvantaged by resale prohibitions. As the Commission notes, a more restrictive interpretation would negatively affect the broad array of cooperative arrangements which libraries and schools use to share costs and services and extend purchasing power.

11. If the answer to the first question in number 10 is "yes," should the discounts be available only for the traffic or network usage attributable to the educational entities that qualify for the Section 254 discounts?

The Telecommunications Act of 1996 does not require that the universal service discounts be limited only to those listed in Section 254(h). Section 254(c)(2) allows the Joint Board to recommend modifications to the Commission. Paragraph 72 of the Commission's March 8, 1996 NPRM 96-93 identifies telemedicine practitioners and students participating in educational

activities at other schools and universities as well as students, teachers, librarians and health care providers consulting with colleagues or experts at other institutions as being explicitly recognized by Congress as capable of benefiting from these universal service discounts when cooperating with the educational institutions listed in Section 254(h)(1) and (2). Libraries are eligible for universal service discounts if they are eligible for participation in State-based plans under Title III of the Library Services and Construction Act (LSCA). UC libraries are clearly eligible under this provision, have received LSCA-III grants, and are included in the scope of the service plan prepared by the California State Library for compliance with the provisions of LSCA. However, most UC libraries do not purchase and operate their own telecommunications services, but use those of the parent campus. It is by no means clear that the Library's network traffic can be clearly defined so it can be simply and inexpensively separated from non-library traffic on campus networks and gateways. This issue becomes more complicated if other campus units (e.g., academic departments) are also involved in network-based collaborations, such as with K-12 schools. UC can endorse the principle of limitation to eligible entities with the proviso that some flexibility be provided to accommodate situations where it is either technically infeasible or uneconomic to account separately for the traffic and costs attributable to eligible and ineligible members of a consortium.

15. What is the least administratively burdensome requirement that could be used to ensure that requests for supported telecommunications services are bona fide requests within the intent of section 254(h)?

The least administratively burdensome means of assuring universal service discount applicants are eligible would be use of a simple one-page form which the Joint Board could develop that would be used by an applicant to certify that it was either 1) an educator or library requesting reduced rates for any kind of telecommunications service or 2) a rural health provider requesting telecommunications services at rates comparable to those offered urban health providers. Since the eligibility requirement for libraries in the LSCA is only that they be "eligible for participation in state-based plans for Title III of the LSCA," the state library agencies would be able to verify a particular library is eligible, if the Joint Board wished to impose an auditing mechanism for eligible libraries.